Comparative Analysis Of Customer Satisfaction: A Study Of SBI And LIC (HFL)

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Abstract: This study aims to conduct a comparative analysis of customer satisfaction levels between two leading housing finance providers in India: The State Bank of India (SBI) and LIC Housing Finance Ltd. (LIC HFL). Utilizing primary data from 460 housing loan borrowers in the Krishnagiri district, the study assesses critical factors influencing satisfaction such as application procedures, transparency, processing time, and EMI schedules. Findings indicate significant differences in borrower experiences, particularly in the areas of screening, disbursement, and regional service accessibility. The study offers practical recommendations for service enhancement and proposes policy implications for improved customer engagement and retention in the housing finance sector.

Keywords: Customer Satisfaction, Housing Finance, State Bank of India (SBI), LIC Housing Finance Ltd (LIC HFL), Comparative Study, Krishnagiri

1. Introduction

The dream of owning a home is one of the most cherished aspirations of every individual. According to Abraham H. Maslow's hierarchy of needs, shelter is a fundamental physiological need, essential for human survival and development. A home provides not only protection and comfort but also emotional and psychological security. On average, an individual spends almost two-thirds of their life in a house, making adequate housing a vital prerequisite for physical, intellectual, and emotional well-being.

However, not everyone is financially capable of purchasing a home outright. In modern times, housing loans have emerged as a practical and accessible solution for many individuals, helping them realize their dream of home ownership. These loans are extended by various financial institutions such as public and private sector banks, housing development banks, and housing finance companies like LIC Housing Finance Limited (LIC HFL).

While housing loans are widely available, the quality of service and customer satisfaction levels vary significantly across institutions. Past research has established that service quality plays a crucial role in determining customer satisfaction in the financial sector. In this context, the current study aims to examine and compare customer satisfaction between two major players in the Indian housing finance sector—State Bank of India (SBI) and LIC Housing Finance Limited (LIC HFL)—which collectively serve a large share of the home loan customer base.

3.8 Theoretical Background of the Study

3.8.1 Housing Finance Landscape in India

The Indian housing finance sector has experienced significant growth over the past decade, driven by factors such as urbanization, rising disposable incomes, and government initiatives like the Pradhan

Mantri Awas Yojana (PMAY). As of 2022, the total outstanding housing loans in India stood at approximately ₹17.8 trillion, with public sector banks commanding a substantial share of the market.

3.8.2 State Bank of India (SBI) – Market Leadership

SBI has been at the forefront of this growth, emerging as a dominant player in the home loan segment. As of January 2022, SBI's home loan assets under management (AUM) had crossed ₹6 trillion, with a market share of 33.3% . The bank's strategic focus on affordable housing, coupled with competitive interest rates and digital initiatives, has contributed to its leadership position.

3.8.3 LIC Housing Finance Ltd. (LIC-HFL) – A Key Competitor

LIC-HFL, established in 1989, is another significant entity in the Indian housing finance market. The company offers a range of home loan products catering to various customer segments, including salaried individuals, self-employed professionals, pensioners, and non-resident Indians (NRIs). With a commitment to providing affordable housing finance, LIC-HFL has built a strong customer base across the country.

Types of Home Loan

S. No	Features	Purchase/Construction/Extension/Repairs of House/Flat	Purchase of Residential Plot	Balance Transfer and Top-Up
1	Rate of Interest	6.9% onwards	6.9% onwards	6.9% onwards
2	Loan-to-Value Ratio	- Loans up to ₹20 lakhs: 85% of total cost of the property - Loans above ₹20 lakhs and up to ₹75 lakhs: 80% - Loans above ₹75 lakhs: 75%	75% of total cost of the property	75% of total cost of the property
3	Loan Tenure	- Salaried: up to 30 years - Self-employed: up to 20 years	Up to 15 years	- Salaried: up to 30 years - Self-employed: up to 20 years

3.8.4 Comparative Overview of Home Loan Providers

Feature	SBI	LIC-HFL
Market Share (2022)	33.3%	Not specified
Interest Rates	Starting from 6.80% p.a.	Starting from 6.90% p.a.
Loan Tenure	Up to 30 years	Up to 30 years
Special Schemes	PMAY-CLSS, Women, Government Employees	PMAY-CLSS, Pensioners
Processing Fees	Waived during promotional periods	Applicable
Digital Platforms	Retail Loan Management System (RLMS)	Online application portal

Comparison of Different Types of Home Loans

This report outlines and compares key features of three common types of home loans offered by financial institutions: (1) Home Purchase, Construction, Extension or Repairs; (2) Purchase of Residential Plot; and (3) Balance Transfer with Top-Up.

1. Rate of Interest

Across all three categories, the home loan interest rate starts from **6.9% onwards**, making them competitively priced for a wide range of borrowers.

2. Loan-to-Value (LTV) Ratio

- **Home Purchase/Construction/Extension/Repairs**:
  - Loans up to ₹20 lakhs: Up to **85%** of the total cost of the property
  - Loans above ₹20 lakhs and up to ₹75 lakhs: Up to **80%**
  - Loans above ₹75 lakhs: Up to **75%**
- **Residential Plot Purchase**:
  - Maximum of **75%** of the total cost of the plot
- **Balance Transfer and Top-Up**:
  - Up to **75%** of the total cost of the property

3. Loan Tenure

- **Home Purchase/Construction/Extension/Repairs**:
  - Salaried individuals: **Up to 30 years**
  - Self-employed individuals: **Up to 20 years**
- **Residential Plot Purchase**:
  - Maximum tenure of **15 years**
- **Balance Transfer and Top-Up**:
  - Salaried individuals: **Up to 30 years**
  - Self-employed individuals: **Up to 20 years**

This comparative information assists potential borrowers in selecting the appropriate loan product based on their needs, repayment capacity, and the nature of the property to be financed

3.8.5 Factors Influencing Customer Satisfaction in Housing Finance

Customer satisfaction in housing finance is influenced by several factors, including:

- **Interest Rates**: Competitive rates attract customers seeking affordable financing options.
- **Processing Time**: Efficient processing of loan applications enhances customer experience.
- **Transparency**: Clear communication regarding terms and conditions builds trust.
- **Customer Service**: Responsive support throughout the loan tenure fosters positive relationships.
- **Digital Accessibility**: User-friendly online platforms facilitate easy access to services.

Understanding these factors is crucial for housing finance institutions aiming to enhance customer satisfaction and loyalty.

3. Importance of the Study

Despite the rapid growth of the housing finance sector in India, limited academic attention has been paid to customer satisfaction among housing loan borrowers, particularly in the context of public sector banks and specialized housing finance institutions. Given that a significant proportion of housing loan customers are served by the State Bank of India (SBI) and Life Insurance Corporation Housing Finance Limited (LIC HFL), a comparative assessment of borrower satisfaction between these two institutions is both timely and necessary. This study contributes to the existing body of literature by addressing this empirical gap and exploring borrower perceptions, service quality, and institutional practices in housing finance.

4. Statement of the Problem

The State Bank of India and LIC Housing Finance Limited represent two of the most dominant entities in India's housing finance market. As financial awareness and customer expectations evolve, institutions face mounting pressure to enhance service delivery and ensure customer-centric approaches. However, procedural rigidity, delayed processing, and non-transparent terms can negatively affect borrower experiences.

1. What are factors influencing the consumers decision towards availing loan from SBI and LIC (HFL)?
2. How to measure the level of satisfaction of the housing loan borrowers?
3. What are the reasons for pre-closure of housing loan borrowers from SBI&LIC (HFL)?
4. What are the difficulties faced by the borrowers while availing housing loan from SBI&LIC (HFL)?

This study focuses exclusively on housing loan borrowers associated with SBI and LIC HFL across selected taluks in the Krishnagiri district of Tamil Nadu—namely Krishnagiri, Hosur, Shoolagiri, Pochampalli, Uthangarai, Bargur, and Denkanikottai. Other financial institutions and geographical regions are excluded from the study to maintain specificity and ensure depth in comparative analysis.

5. Objectives of the Study

The primary objectives of this empirical study are:

1. To analyse the socio-economic profile and awareness levels of housing finance norms among the respondents.
2. To identify key factors influencing customer choice between SBI and LIC HFL housing loans.
3. To assess the level of satisfaction among borrowers from both institutions.
4. To examine the motivations behind the pre-closure of housing loans.
5. To identify challenges faced by borrowers during the loan availing process.

The following null hypotheses were formulated to guide the statistical analysis:

1. H_0: There is no significant association between socio-economic variables and the factors influencing housing loan borrowers.
2. H_0: There is no significant association between borrower satisfaction and their socio-economic profiles.
3. H_0: There is no significant difference between SBI and LIC HFL borrowers in their opinions on loan pre-closure.
4. H_0: There is no significant difference in borrower experiences regarding challenges faced during the loan process between SBI and LIC HFL customers.

Scope of the study

This study aims to compare the satisfaction levels of house loan borrowers between SBI and LIC (HFL). It helps customers gain a general understanding of which institution offers better services in terms of interest rates, processing time, customer support, and overall experience. The study also provides useful insights to bank and LIC (HFL) employees to identify areas of improvement and make informed decisions while framing or revising home loan policies to enhance customer satisfaction.

8. Methodology of the Study

8.1 Area of Study

The study is confined to the Krishnagiri District in Tamil Nadu, encompassing seven taluks: Krishnagiri, Hosur, Shoolagiri, Pochampalli, Uthangarai, Bargur, and Denkanikottai.

8.2 Type of Research

This is a descriptive research study aimed at accurately portraying the characteristics and satisfaction levels of housing loan borrowers in the selected institutions.

8.3 Type of Data

Both primary and secondary data were utilized. Secondary data were collected from scholarly articles, institutional reports, and official websites. Primary data were obtained through structured questionnaires administered to SBI and LIC HFL housing loan customers at their workplace or residence.

8.4 Pilot Study

A pilot survey was conducted with 60 respondents to assess the clarity and relevance of the questionnaire. The instrument's reliability was tested using Cronbach's Alpha, yielding a value of 0.831—well above the acceptable threshold of 0.70—confirming the internal consistency of the scale. Minor revisions suggested by pilot respondents were incorporated before final administration.

8.5 Sampling Method

Purposive sampling was adopted, targeting exclusively housing loan borrowers from SBI and LIC HFL.

8.6 Sample Size

A total sample of 460 respondents was selected, equally divided between SBI (n=230) and LIC HFL (n=230) borrowers. The taluks with the highest concentration of borrowers—Uthangarai, Pochampalli, Krishnagiri, and Hosur—were prioritized.

9.Limitations of the Study

This study is limited to housing loan customers of SBI and LIC HFL in selected taluks of Krishnagiri District. It does not incorporate perspectives from borrowers associated with other financial institutions or from bank officials. Consequently, the findings may not be generalizable beyond the specific sample and institutions studied.

Literature Review

Prior research identifies service quality, interest rates, documentation ease, and processing speed as significant determinants of customer satisfaction in the banking and housing finance sectors (Vanitha & Kalaivanan, 2015; Gupta & Sinha, 2015). However, localized studies exploring borrower perceptions in rural and semi-urban regions remain limited. This study bridges this gap by focusing on a region-specific analysis, grounded in empirical evidence.

The socio-economic dimensions of housing finance and the degree of consumer awareness regarding financial norms are integral to understanding the dynamics of loan uptake and institutional efficacy. Prior research has explored how institutional mechanisms and borrower awareness interact with broader financial inclusion efforts.

Calza, Monacelli, and Stracca (2009) provided macroeconomic insights into the role of institutional housing finance features, including down payment structures and interest mechanisms. Their two-sector dynamic stochastic general equilibrium (DSGE) model indicated that these structural aspects modulate the effectiveness of monetary policy transmission. Complementing the macroeconomic lens, Vijaykumar and Rangasamy (2010) underscored micro-level information asymmetry by demonstrating that borrowers were frequently unaware of key contractual clauses in housing loan agreements. Similarly, Hanif and Hijazi (2010), in comparing Islamic and conventional housing finance structures, observed that the Islamic framework lacked adaptive mechanisms for aligning asset rental values with evolving market trends.

Demographic factors, particularly gender, also influence financial awareness. Nagarajan and Ali (2013), employing tools such as Cronbach's Alpha and chi-square analysis, found that female customers demonstrated relatively lower awareness of housing finance services at the State Bank of India (SBI). Saroha and Yadav (2013), through a comparative analysis of consumer satisfaction between HDFC and LIC Housing Finance, emphasised that consistent retail growth and margin stability significantly enhanced consumer trust and awareness.

The interaction between institutional performance and housing supply was further elucidated by Nwankwo (2014), who employed econometric techniques such as unit root and cointegration analysis in the Nigerian context. His findings revealed a positive correlation between mortgage finance availability and housing supply, reinforcing housing finance as a critical policy lever. Daisy (2015), using financial calculators for equated monthly instalments (EMIs) and fixed deposits, concluded that servicing housing loans was financially less burdensome than comparable investment instruments, thereby encouraging greater uptake.

Several studies have also examined institutional differences in service delivery and customer experience. Amith and Nanwani (2016) conducted a comparative analysis between public and private sector banks in Nagpur, finding high levels of satisfaction and awareness across both institutional types. Vora's conceptual overview added further contextual clarity by mapping India's housing finance system across regulatory, demographic, and promotional axes. Kishore's field-based training report, using SWOT analysis and observation methods, highlighted the affordability benefits derived from lower interest rates, especially for middle- and lower-income households.

Factors influencing borrower decision-making and institutional selection have been widely discussed. Bandyopadhyay and Sha (2009), through correlation analysis, identified interest rates, credit risk, and geographic location as primary determinants of loan demand and default risk. Rong Seng (2013) presented a consumer behaviour perspective from Wuhan, China, finding that aesthetic appeal and location were the most influential attributes among 33 housing-related variables.

In a related inquiry into repayment performance, Sultana Tani and Siddiqua (2013) concluded that borrower financial stability and institutional responsiveness were key deterrents to delinquency, based on their case study of IDLC Finance Ltd. Jayanthi and Ramya (2014), applying the "3Ps" framework (Product, Price, and Process), found that diversified product offerings, flexible EMI structures, competitive interest rates, and simplified documentation significantly influenced borrower preferences for HDFC Ltd. Sumathi and Kousalya Devi (2016), using Garrett ranking techniques, reaffirmed the primacy of interest rate in borrower decision-making in their study of Coimbatore-based public and private sector banks.

Policy frameworks and regulatory structures also shape institutional dynamics. Atati (2014), through a case study in Kenya, highlighted that governmental interventions were critical in shaping housing finance accessibility. Hashim and Halim (2014), analysing Islamic and conventional banks in Malaysia through regression models, identified lending rates, capital adequacy norms, and provisioning standards as determinants of pricing strategies. Kipkirui (2015) argued that fragmented mortgage and financial sector coordination significantly constrained housing development efforts. In the Malaysian context, Ismail et al. (2015) used cross-tabulations to document affordability challenges such as high down payments and short repayment tenures among Bumiputera homebuyers.

Specific institutional studies provide valuable insights into consumer preferences and systemic gaps. Vanitha and Kalaivanan (2015), using Likert scales and chi-square testing, identified low interest rates, lenient margins, absence of pre-closure penalties, and courteous service delivery as critical motivators for customers preferring SBI's housing loan offerings. Agarwal and Arya (2017) echoed similar sentiments

in the Haldwani region, revealing that service quality, transparency, and interest rate structures significantly influenced consumer satisfaction at both LIC HFL and SBI.

In terms of structural barriers, Attakora (2006) and Ojo (2006), though situated in Ghana and Nigeria respectively, identified high risk, insufficient funding, and prohibitive interest rates as salient challenges—echoing conditions in emerging housing finance markets such as India. Babu (2013), through an ANOVA-based comparative analysis between LIC HFL and HDFC, documented procedural delays, complex documentation, and insufficient disbursement amounts as principal bottlenecks in borrower experience.

Tarakeswara Rao (2013), examining housing loan customers at SBI and HDFC in Andhra Pradesh, found that fluctuating interest terms and high processing fees hindered efficient access to credit. Gupta and Sinha (2015), using t-tests and frequency analysis, observed that SBI's flexible repayment plans and extended tenures made it more attractive than LIC HFL. Riar and Bhalla (2016), through factor analysis, highlighted systemic shortcomings such as hidden charges, low-quality communication, and insufficient transparency. Narsis and Arivazhagan (2016) reinforced these findings by identifying non-transparent administrative practices and procedural inefficiencies as major deterrents in SBI's customer satisfaction metrics.

Kannoujia (2016) further confirmed these issues in the Varanasi division using chi-square and correlation analysis, identifying complex formalities and high processing charges as common deterrents across LIC HFL and HDFC. Finally, Nagar (2017) summarised sectoral deficiencies by citing inflexible repayment structures, hidden costs, and constrained loan volumes as systemic impediments to inclusive housing finance.

Results and Discussion

Objective 1: *SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR AWARENESS LEVEL TOWARDS HOUSING FINANCE NORMS*

Findings

The analysis of the demographic and economic profile of home loan borrowers reveals the following key insights:

1. Age, Gender, and Marital Status:
    A significant majority of home loan borrowers belong to the 41–50 age group (44.35%). The data also indicates that most borrowers are married (72.6%) and male (70.87%).

2. Educational Qualification:
    Among the borrowers, 27.4% hold a post-graduate degree, suggesting a relatively well-educated customer base.

3. Occupational Profile:
    The highest proportion of home loan borrowers are business people (26.5%), while the "Others" category represents the lowest percentage (9.1%). In contrast, for spouses, the largest share falls under the "Others" category (30.9%), with the lowest representation among private employees and professionals (14.3%).

4. Income Group:
    The Middle-Income Group constitutes the largest segment of home loan borrowers (45.7%), followed by the High-Income Group (29.1%) and the Low-Income Group (25.2%).

5. Residential Location:
    Rural borrowers (51.3%) slightly outnumber urban borrowers (48.7%), indicating a notable demand for housing finance in rural areas.

6. Lending Institutions:
    Borrowers are evenly split between the two main lending institutions studied: State Bank of India (SBI) and LIC Housing Finance Ltd (LIC HFL), each accounting for 50% of the total borrowers.

7. Purpose of Home Loans:
    The primary reason for availing home loans is the construction of new houses (39.1%), followed by the purchase of ready-built houses (37%). Renovation and improvement (23.9%) rank as the least common purpose.

8. Sources of Motivation:
    The most influential source of motivation for borrowing is tax consultants (37.4%), followed closely by self-motivation (35.7%). Family members appear to play a minimal role (12.6%) in the decision-making process.

9. Sources of Loan Repayment:
    The primary source of repayment is income from assets (34.3%), followed closely by salary (33.5%) and a combination of both salary and assets (32.2%).

10. Loan Tenure Preference:
    The preferred loan tenure is 11–15 years, as chosen by 33.9% of the borrowers, whereas the least preferred option is a tenure of up to 10 years (20%).

Discussion

The findings of the study highlight that the majority of home loan borrowers are **middle-aged**, **married**, and belong to the **middle-income group**. A substantial portion of them are **engaged in business** and reside in **rural areas**, indicating a shift in housing finance demand beyond urban centres.

Given this borrower profile, lending institutions such as **SBI** and **LIC Housing Finance Ltd (HFL)** should consider **designing loan products** that are tailored to the specific needs of this demographic. Offering **flexible repayment options**, **user-friendly loan processes**, and **quick disbursal mechanisms** can significantly enhance borrower satisfaction and outreach.

The study also reveals that **tax consultants** and **self-motivation** are key factors influencing borrowers' decisions. Hence, banks could benefit from **strategic partnerships with financial advisors** and by providing **clear, accessible information through digital platforms**, enabling borrowers to make informed choices.

Additionally, with a significant number of borrowers relying on **income from assets** for loan repayment, there is a need for banks to provide **financial literacy and asset management guidance** to ensure sustainable repayment.

As most borrowers prefer a **loan tenure of 11–15 years**, banks can attract and retain customers by offering **specialized loan packages** and **incentives** targeted at this repayment window, thereby aligning financial products with customer preferences.

**Objective II**: *TO IDENTIFY THE FACTORS INFLUENCING THE HOUSING LOAN BORROWERS*

Findings

These factors formed the basis for the analysis and conclusions drawn in relation to the second objective of the study

Factors			
i) Competitive and cheaper finance ii) Quick application processing iii) Long, flexible, and convenient repayment iv) No huge collateral required v) Better services provided	vi) No security deposit for salary deduction scheme vii) No application processing fee viii) No penalty for default ix) No foreclosure commitment fees x) Fast and reliable remittances	xi) Low interest rate xii) Tax benefits xiii) Minimal formalities and procedures xiv) Progressive funding support xv) In-house legal and technical services xvi) Minimal miscellaneous	xvii) Pre-sanction and post-sanction services xviii) Strong bank brand name xix) Advertisement influence xx) Proximity to residence xxi) Wide branch network

Factors influencing Housing Loan Borrowers Based on Friedman Test
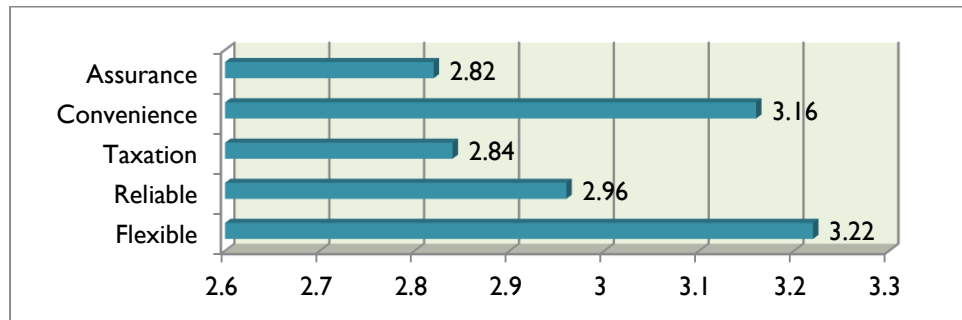
Factors	N	Std. Deviation	Mean Rank	Rank
Flexible	460	.656	3.22	I
Reliable	460	.685	2.96	III
Taxation	460	.683	2.84	IV
Convenience	460	.706	3.16	II
Assurance	460	.738	2.82	V

Based on the Friedman Test, the researcher identified the major factors influencing housing loan borrowers.

Factors Influencing the Housing Loan Borrowers belonging to Demographical factors

Demographical factors	Result with 5 factors (Flexible, Reliable,Taxation,Convience and Assurance)
Gender	There is significant difference of opinion between gender
Age Groups	There are no significant differences between age groups
Educational Qualifications	There is no significant difference among the different educational qualifications
Occupation	There is no significant difference among the different occupations
Income Levels	There is no significant difference among the different income levels.
Residential areas	There is no significant difference between rural and urban housing loan borrowers

The analysis of demographic factors using the Friedman Test revealed that gender is the only factor where a significant difference of opinion exists among housing loan borrowers in relation to the five key dimensions—Flexibility, Reliability, Taxation, Convenience, and Assurance. For other demographic variables, such as age groups, educational qualifications, occupation, income levels, and residential areas (rural vs. urban), the test indicated no statistically significant differences in borrower opinions. This

suggests that apart from gender, the perception of these five influencing factors remains consistent across different demographic segments**.**

Suggestions

The analysis indicates that "Flexible Terms and Conditions" is the most influential factor affecting housing loan borrowers, followed in order by Convenience, Reliability, Taxation, and Assurance. In light of this, it is recommended that banks and housing finance institutions prioritize these key factors in designing and delivering their loan products. Institutions that effectively address these borrower preferences are more likely to gain a competitive edge and ensure long-term sustainability in the housing finance market.

Furthermore, since the study identified a significant difference of opinion based on gender, particularly concerning flexible terms and conditions and assurance, it is essential for institutions like SBI and LIC Housing Finance Ltd (HFL) to adopt gender-equitable practices. This includes offering tailored communication, support services, and policy flexibility to ensure that both male and female borrowers feel equally supported and valued.

Objective III:*TO MEASURE THE LEVEL OF SATISFACTION OF THE HOUSING LOAN BORROWERS*

A hypothesis was formulated to address the third objective of the study.

Ho: There is no significant association between housing loan borrower satisfaction and the demographic factors of the borrowers.

Ha: There is a significant association between housing loan borrower satisfaction and the demographic factors of the borrowers

Findings

Assessment of Housing Loan Borrowers' Satisfaction Based on Socio-Economic Variables

Socio-economic variables	Borrowers' satisfaction	
	SBI Loan	**LIC (HFL)**
Gender	Satisfied	Satisfied
Age	Satisfied	Satisfied
Marital status & Family Types	Satisfied	Satisfied
Educational Qualification	Satisfied	Satisfied
Occupation & Community	Satisfied	Satisfied
Spouse Occupation	Satisfied	Satisfied
Income Level & Tenure of borrowing & Purpose of Loan	Satisfied	Satisfied
Respondent's Living area	**Not Satisfied**	Satisfied
Religion	Satisfied	**Satisfied**

The table illustrates borrower satisfaction levels across various socio-economic variables for both SBI and LIC Housing Finance Ltd (HFL). The analysis shows that borrowers from both institutions are generally satisfied across factors such as gender, age, marital status and family type, educational qualification, occupation and community, spouse occupation, income level, loan tenure, and loan purpose. However, a notable exception is observed with respondents' living area, where SBI loan borrowers expressed dissatisfaction, in contrast to LIC (HFL) borrowers, who reported satisfaction. This suggests that SBI may need to improve its services or outreach in specific geographic locations. Additionally, satisfaction remains consistent across different religious groups for both institutions.

Suggestions

Based on the analysis of borrower satisfaction across socio-economic variables, it is recommended that **SBI** take targeted measures to address the dissatisfaction reported by borrowers based on their **living area**. This may include improving service accessibility in remote or underserved regions, enhancing customer support, and ensuring consistent loan processing standards across locations. By doing so, SBI can bridge regional disparities and enhance overall borrower satisfaction. In contrast, the consistently high satisfaction reported for **LIC Housing Finance Ltd (HFL)** across all variables, including living area, indicates effective service delivery that SBI can take as a benchmark. Ensuring equitable and localized service quality will be crucial for both institutions to maintain customer trust and loyalty.

Objective IV: *TO IDENTIFY THE REASONS FOR PRE-CLOSURE OF HOUSING LOAN BORROWERS FROM SBI&LIC (HFL)*

A hypothesis was formulated to address the fourth objective of the study.

Ho: There is no significant difference in the pre-closure of home loans based on various factors among the loanees of SBI and LIC-HFL.

Ha: There is a significant difference in the pre-closure of home loans based on various factors among the loanees of SBI and LIC-HFL

Results of Hypothesis Testing for Pre-Closure Factors Using Independent Sample t-Test

"Factors Influencing Loan Pre-Closure"	Results of Hypothesis	
	Rejected	**Accepted**
Highest Interest rate	✓	
Availability of ready funds	✓	
Plan of availing a new loan	✓	
Reduction of financial commitments		✓
Extensive mortgage period		✓
Plan of selling the property	✓	
Moving to a different geographical location	✓	
Demise of the customers	✓	

Change in career		✓
Additional responsibilities (Children Education Marriage	✓	

The table summarizes the hypothesis testing results for various factors influencing **loan pre-closure decisions** among borrowers. The hypotheses were **accepted** for factors such as **reduction of financial commitments**, **extensive mortgage period**, and **change in career**, indicating that these are **statistically significant reasons** prompting borrowers to pre-close their housing loans.

On the other hand, the hypotheses were **rejected** for factors including **highest interest rate**, **availability of ready funds**, **plan of availing a new loan**, **plan of selling the property**, **relocation to a different geographical area**, **demise of the borrower**, and **additional responsibilities** like children's education or marriage. This suggests that these factors do **not significantly influence** the borrowers' decision to pre-close their loans in the study context.

These insights help lenders focus on managing and addressing the most impactful reasons behind loan pre-closure, especially in designing borrower retention strategies.

Suggestions

In light of the findings regarding the pre-closure of housing loans, it is imperative that housing finance institutions such as **SBI** and **LIC Housing Finance Ltd (HFL)** adopt **customer-centric policies** to address the major influencing factors. Specifically, they should:

1. **Revise Interest Rate Structures**: Many borrowers consider reducing their financial commitments when interest rates are high. Institutions must explore **flexible and competitive interest rate schemes** or offer **rate-revision options** at periodic intervals to retain customers.

2. **Address Extensive Mortgage Tenures**: Since a longer mortgage period influences borrowers to consider pre-closure, finance providers should offer **customizable loan tenure options** with benefits such as **lower processing fees** or **partial pre-payment without penalty**, to make long-term borrowing more sustainable.

3. **Accommodate Borrowers' Mobility and Life Changes**: The **relocation of borrowers to new geographical areas** and **changes in career or employment** are practical challenges. Institutions should offer **relocation-friendly policies** such as **inter-branch loan servicing**, and options to **adjust EMIs based on employment changes**.

4. **Provide Clarity on Pre-Closure Process in Case of Demise**: In the event of the borrower's demise, transparent guidelines for the legal heirs or co-borrowers should be made available, including **clear documentation requirements** and **nominee support services**.

5. **Plan for Additional Loan Requirements**: Since borrowers may consider pre-closing a loan to avail a new one with better terms, institutions should consider offering **top-up loans** or **loan restructuring options**, reducing the need for full pre-closure.

6. **Enhance Digital Communication**: All relevant details regarding loan pre-closure, including eligibility, documentation, timelines, charges, and potential financial implications, should be provided on the housing finance institutions' official websites in a **clear, interactive, and user-friendly format**. Chatbots or live support may further enhance borrower engagement.

By implementing these recommendations, SBI and LIC (HFL) can not only **reduce the rate of premature loan closures** but also improve **borrower satisfaction, trust, and long-term loyalty**.

Objective V: ***TO FIND OUT THE DIFFICULTIES FACED BY THE BORROWERS WHILE AVAILING HOUSING LOAN FROM SBI&LIC (HFL)***

A hypothesis was formulated to address the fifth objective of the study.

Ho: There is no significant difference between SBI and LIC-HFL housing loan borrowers in terms of the difficulties faced during the loan application process.

Ha: There is a significant difference between SBI and LIC-HFL housing loan borrowers in terms of the difficulties faced during the loan application process."

Results of Hypothesis Testing in terms of Difficulties Faced While Availing Housing Loan Using Independent Sample t-Test

Terms of difficulties Faced	Results of Hypothesis	
	Rejected	**Accepted**
Getting Loan Application	✓	
Filling up the application	✓	
Documents needed for screening	✓	
Transparencies in screening	✓	
Time consumed for screening	✓	
Action against default	✓	
Disbursement of loan	✓	
Time gap between 1st and subsequent EMI installment	✓	

Interpretation of Check Marks (✓):

- A ✓ **under "Rejected"** indicates that the null hypothesis was rejected for that specific difficulty, suggesting a statistically significant challenge experienced by respondents in that area.

- A ✓ **under "Accepted"** (not present in this table) would indicate that the null hypothesis could not be rejected, implying the difficulty was not statistically significant according to the data.

☐ Explanation **of Each Term**:

- **Getting Loan Application**: Respondents did not report significant issues in obtaining the loan application itself.

- **Filling up the Application**: Statistically significant difficulties were identified, possibly due to complex or unclear form requirements.

- **Documents Needed for Screening**: The volume or complexity of required documents may pose a challenge for applicants, as indicated by the hypothesis rejection.

- **Transparencies in Screening**: Lack of clarity or communication during the screening process is perceived as a major issue.

- **Time Consumed for Screening**: Delays or prolonged processing times are seen as a notable barrier.

- **Action Against Default**: Strict or non-transparent measures against defaulters have raised concerns among respondents.

- **Disbursement of Loan**: Delays or inefficiencies in the disbursement phase were statistically significant issues.

- **Time Gap Between 1st and Subsequent EMI Instalments**: Unexpected or inconsistent scheduling of EMI instalments post-disbursement has emerged as a critical challenge.

□ Implication **for Policy and Practice**:

These findings suggest a need for housing finance institutions to simplify application procedures, improve transparency in screening, minimize delays, and ensure better communication regarding repayment structures. Addressing these statistically validated concerns can enhance borrower satisfaction and operational efficiency.

□ Research **Relevance**:

The rejection of the null hypotheses for most of the terms listed implies actionable areas for improvement in housing loan management. These findings can inform policy revisions, training modules for bank staff, and customer service enhancements.

Suggestions:

1. **Simplify the Application Process**

   Financial institutions should consider revising and simplifying the loan application form to make it more user-friendly, particularly for first-time applicants or those with limited formal education. Providing guided assistance or digital tutorials can enhance ease of application.

2. **Streamline Documentation Requirements**

   Excessive or unclear documentation requirements were a significant barrier. Lenders should provide a clear, standardized checklist of necessary documents and ensure that applicants are informed well in advance about the documentation expectations.

3. **Enhance Transparency in Screening Procedures**

   A lack of clarity in the screening process undermines borrower trust. Banks and housing finance companies should adopt more transparent practices, such as clearly communicating evaluation criteria, expected timelines, and status updates during the screening stage.

4. **Reduce Screening and Processing Time**

   Time delays during screening and approval processes are a major concern. Automating parts of the process, increasing staff efficiency, and adopting digital verification tools can substantially reduce turnaround time.

5. **Clarify and Communicate Default Policies**
   Many applicants perceive the actions taken in case of default as harsh or unclear. Institutions should communicate their default management policies transparently at the time of agreement signing and offer early-warning and counselling mechanisms to avoid defaults.

6. **Improve Loan Disbursement Mechanism**
   Delays or inconsistencies in loan disbursement impact borrowers' ability to proceed with housing-related plans. Disbursement timelines should be clearly defined, and steps must be taken to expedite fund release once conditions are fulfilled.

7. **Synchronize EMI Instalments Consistently**
   Issues related to the timing of EMI instalments, especially the gap between the first and subsequent payments, can confuse borrowers. Financial institutions should follow a consistent

and well-communicated EMI schedule that aligns with the borrower's repayment capacity and expectations.

8. **Introduce Borrower Support Systems**
   Establishing helpdesks or dedicated customer service units for loan applicants can provide real-time support and resolve queries related to the application, screening, disbursement, or repayment.

These suggestions aim to foster a more borrower-friendly housing finance environment by reducing procedural barriers, increasing operational transparency, and promoting better communication between lenders and borrowers.

Overall Recommendation and Conclusion

The present study undertook a comparative analysis of customer satisfaction among housing loan borrowers of State Bank of India (SBI) and LIC Housing Finance Ltd. (LIC HFL) across selected taluks in Krishnagiri district. The research revealed several significant findings regarding the factors influencing loan availing decisions, satisfaction levels, pre-closure tendencies, and the practical challenges faced during the loan process.

The findings indicate that although both institutions enjoy a strong reputation and widespread customer base, their performance in delivering efficient, customer-centric housing finance services is mixed. Borrowers from both institutions were generally satisfied across most socio-economic segments, including age, gender, marital status, educational qualification, and income level. However, the data pointed to regional disparities in service delivery—particularly among SBI borrowers from certain taluks—indicating a need for geographically balanced service improvements.

Furthermore, key difficulties such as complexity in application forms, lack of transparency in screening, time delays in processing, and inconsistencies in EMI scheduling were statistically significant and impacted borrower satisfaction negatively. These bottlenecks, if not addressed, could diminish customer trust and lead to pre-closures or switching to other institutions.

At the same time, the study identified specific factors that strongly influence borrower satisfaction, including flexibility in repayment, convenience of service, reliability of staff, tax-related benefits, and assurance in service delivery. These variables should serve as strategic focal points for institutions aiming to maintain and enhance borrower relationships.

Based on these insights, the following comprehensive recommendations are proposed:

1. Simplification and Digitization of Application Process

Financial institutions must simplify the housing loan application form and provide step-by-step assistance for filling it, particularly for borrowers with limited literacy or digital skills. Introducing vernacular-language support and mobile-friendly platforms would especially benefit rural borrowers in Krishnagiri. Chatbots, video explainers, and toll-free helplines can further ease the application journey.

2. Transparency in Screening and Communication

Lack of transparency during screening was a major concern. Both SBI and LIC HFL should implement protocols that provide real-time application status updates, clearly defined evaluation criteria, and dedicated relationship managers to guide borrowers through the process. Transparent handling of document verification, approval timelines, and eligibility conditions can reduce borrower anxiety and foster trust.

3. Reduce Turnaround Time for Processing and Disbursement

Loan processing and disbursement delays were highlighted as critical challenges. Institutions should leverage automation and centralized digital loan management systems to minimize human error and procedural bottlenecks. Timely communication regarding expected disbursement dates and proactive document collection can significantly reduce borrower frustration.

4. Gender-Sensitive Lending Practices

The study observed that gender had a statistically significant influence on satisfaction levels, particularly with respect to flexible terms and assurance. To promote inclusivity, institutions should adopt gender-responsive policies—such as exclusive loan products for women, collateral-free schemes, and targeted outreach programs. Providing dedicated staff or grievance cells for female borrowers can also enhance their experience.

5. Regional Equity in Service Delivery

Borrowers from rural and semi-urban taluks reported relatively lower satisfaction levels with SBI, particularly regarding accessibility and follow-up services. To address this, SBI should enhance its outreach in remote taluks like Bargur, Denkanikottai, and Uthangarai through mobile banking vans, more branch-level autonomy, or local banking correspondents to ensure uniform service quality.

6. Pre-Closure Policy Reform and Retention Strategies

The analysis revealed that financial commitments and long mortgage tenures are significant reasons for loan pre-closure. SBI and LIC HFL should adopt proactive retention strategies such as offering top-up loans, partial pre-payment options without penalties, interest rate concessions for loyal borrowers, and re-negotiable loan terms when income levels change. These measures can dissuade borrowers from closing accounts prematurely.

7. Structured EMI Planning and Support

Irregularities and lack of clarity in EMI schedules, particularly between the first and subsequent instalments, were noted as challenges. Institutions must issue a standardized EMI schedule upfront, with digital reminders, grace period provisions, and real-time access to repayment history. A borrower portal or mobile app with personalized dashboards can enhance repayment discipline and borrower empowerment.

8. Establish Customer Grievance and Advisory Cells

A key to improving long-term satisfaction lies in institutionalizing borrower support mechanisms. Establishing a 24/7 customer helpline, grievance redressal committees, and in-branch advisory desks can ensure borrowers receive the support needed during and after the loan disbursal process. Additionally, financial literacy workshops across taluks can equip borrowers with knowledge to make informed decisions.

Conclusion

The findings of this study offer significant insights into the dynamics of customer satisfaction among housing loan borrowers of State Bank of India (SBI) and LIC Housing Finance Ltd (LIC HFL) in the Krishnagiri district. Both institutions have demonstrated commendable efforts in providing housing finance solutions; however, the comparative analysis reveals noticeable disparities in service delivery, customer support, and procedural efficiency.

While borrowers from both SBI and LIC HFL expressed overall satisfaction, challenges remain in critical areas such as transparency during the screening process, documentation requirements, application complexity, and loan disbursement timelines. The rejection of multiple null hypotheses related to these operational aspects underscores the need for systemic improvements. In particular, SBI must address regional inconsistencies in service delivery, especially in remote taluks, where borrower dissatisfaction is more pronounced.

The study also underscores the importance of flexibility, convenience, reliability, and assurance as key determinants of customer satisfaction. The significant gender-based variation in perceptions further suggests the need for more inclusive, gender-sensitive lending policies and communication strategies.

Moving forward, housing finance institutions must adopt a customer-centric approach that emphasizes simplicity, speed, transparency, and support. Leveraging digital technologies, expanding borrower education, and decentralizing service delivery can not only improve operational efficiency but also strengthen borrower trust and long-term engagement.

In conclusion, by aligning their policies with borrower expectations and addressing identified service gaps, SBI and LIC HFL have the potential to significantly enhance the home loan experience in Krishnagiri. Such improvements will not only elevate customer satisfaction but also contribute meaningfully to broader goals of financial inclusion, regional development, and the realization of housing for all.

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